

KAZAX MINERALS INC.
Room 630, Arman Business Center
6 Saryarka Avenue
Astana, Kazakhstan, 010000

NOTICE

**RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS FOR
THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014**

The third quarter financial statements for the nine month period ended September 30, 2014 have not been reviewed by the auditors of KazaX Minerals Inc.

KAZAX MINERALS INC.

“Oleg Nemodruk”

OLEG NEMODRUK

Chief Financial Officer



KazaX Minerals Inc.

Condensed Consolidated Interim Financial Statements
For the nine month periods ended September 30, 2014 and 2013
(expressed in thousands of U.S. dollars, except where indicated)

KazaX Minerals Inc.**Condensed Consolidated Interim Statements of Financial Position**

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated)

	Note	September 30, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents		\$ 20,077.4	\$ 3,640.0
Other receivables and prepaid expenses		1,053.8	358.5
		21,131.2	3,998.5
Equipment	7	41.6	98.2
Exploration and evaluation assets	3	81,731.1	76,264.3
Other long term assets		46.3	29.1
Total assets		\$ 102,950.2	\$ 80,390.1
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 1,632.2	\$ 2,682.0
Safin loan	6	1,261.0	1,258.4
Asset retirement obligation – current		48.9	48.0
Loans	9	20,000.0	-
Payable – LLLP acquisition – current	3,6	17,969.0	30,989.2
		40,911.1	34,977.6
Convertible debentures	8	18,015.8	12,948.9
Payable – LLLP acquisition – non-current	3,6	10,212.7	-
Asset retirement obligation – non-current		95.7	121.7
Total liabilities		69,235.3	48,048.2
Equity			
Share capital		38,925.1	35,355.1
Reserves		5,744.9	3,920.4
Deficit		(26,746.6)	(22,725.1)
Total equity for owners		17,923.4	16,550.4
Non-controlling interest (“NCF”)		15,791.5	15,791.5
Total equity		33,714.9	32,341.9
Total liabilities and equity		\$ 102,950.2	\$ 80,390.1

*Nature of operations (note 1)**Going concern (note 2)**Subsequent event (note 12)***Approved by the Board of Directors**_____
”Trevor Campbell Smith”_____
Director_____
”Mohamad Chafic”_____
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

KazaX Minerals Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2014	2013 Restated (Note 4)	2014	2013 Restated (Note 4)
Expenses					
Amortization	7	\$ (2.0)	\$ (5.5)	\$ (6.0)	\$ (16.4)
Professional fees		(330.0)	(163.4)	(904.4)	(437.4)
General and administration		(28.2)	(294.8)	(281.4)	(543.2)
Investor relations and marketing		(0.2)	-	(28.2)	(60.2)
Travel and entertainment		(51.3)	(275.8)	(181.3)	(676.7)
Wages and benefits		(150.7)	(251.6)	(447.3)	(246.1)
Management fees		-	(513.4)	(31.0)	(841.1)
Stock based compensation expense		-	-	(25.9)	-
Exploration expense		-	-	-	(2,058.2)
		(562.4)	(1,504.4)	(1,905.5)	(4,879.3)
Other (expenses) income, net					
Finance income		-	60.6	12.3	9.1
Finance cost		(988.9)	(977.9)	(3,418.0)	(2,554.3)
Gain on debt settlement from SPA amendment	3(ii)(g)	776.1	-	776.1	-
Foreign exchange gain (loss)		253.3	11.5	513.6	13.0
Net loss		(521.9)	(2,410.3)	(4,021.5)	(7,411.5)
Other comprehensive loss					
Cumulative translation adjustment		-	499.0	1.0	(832.5)
Comprehensive loss		\$ (521.9)	\$ (1,911.3)	\$ (4,020.5)	\$ (8,244.0)
Loss per share					
Basic & diluted		\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.07)
Weighted average shares outstanding (000's)					
Basic & diluted		218,058	178,783	212,160	164,742
Total shares issued and outstanding		218,058	178,783	218,058	178,783

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

KazaX Minerals Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

	Notes	Shares ('000)	Share capital	Foreign translation reserves	Convertible debenture reserves	Other reserves	Deficit	Total for owners	NCI	Total Equity
Balance at January 1, 2014		178,788	\$ 35,355.1	\$ (1,233.9)	\$ 4,897.3	\$ 257.0	\$ (22,725.1)	\$ 16,550.4	\$ 15,791.5	\$ 32,341.9
Net loss for the period		-	-	-	-	-	(4,021.5)	(4,021.5)	-	(4,021.5)
Issuance of convertible debenture	8	-	-	-	1,797.6	-	-	1,797.6	-	1,797.6
Cumulative translation adjustment		-	-	1.0	-	-	-	1.0	-	1.0
Shares issued for mineral property acquisitions		39,270	3,570.0	-	-	-	-	3,570.0	-	3,570.0
Stock based compensation		-	-	-	-	25.9	-	25.9	-	25.9
Balance at September 30, 2014		218,058	\$ 38,925.1	\$ (1,232.9)	\$ 6,694.9	\$ 282.9	\$ (26,746.6)	\$ 17,923.4	\$ 15,791.5	\$ 33,714.9

Restated (Note 4)	Notes	Shares ('000)	Share capital	Foreign translation reserves	Convertible debenture reserves	Other reserves	Deficit	Total for owners	NCI	Total Equity
Balance at January 1, 2013		138,203	\$ 25,715.5	\$ -	\$ -	\$ 17.4	\$ (13,585.9)	\$ 12,147.0	\$ -	\$ 12,147.0
Net loss for the period		-	-	-	-	-	(7,411.5)	(7,411.5)	-	(7,411.5)
Issuance of convertible debenture		-	-	-	6,501.0	-	-	6,501.0	-	6,501.0
Cumulative translation adjustment		-	-	(832.5)	-	-	-	(832.5)	-	(832.5)
Share issued for mineral property acquisitions		36,163	8,726.9	-	-	-	-	8,726.9	15,791.5	24,518.4
Proceeds from warrants exercised		4,417	543.9	-	-	(17.4)	-	526.5	-	526.5
Balance at September 30, 2013		178,783	\$ 34,986.3	\$ (832.5)	\$ 6,501.0	\$ -	\$ (20,997.4)	\$ 19,657.4	\$ 15,791.5	\$ 35,448.9

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

KazaX Minerals Inc.

Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2014	2013 Restated (Note 4)	2014	2013 Restated (Note 4)
Cash used from operating activities					
Net loss		\$ (521.9)	\$ (2,410.3)	\$ (4,021.5)	\$ (7,411.5)
Items not affecting cash					
Amortization	7	2.0	5.4	6.0	16.4
Accreted interest – convertible debt	8	604.4	-	1,615.9	-
Accreted interest – other current liabilities	3	294.6	977.9	1,682.3	2,554.3
Stock based compensation expense		-	-	25.9	-
Unrealized foreign exchange		(73.0)	-	(333.3)	-
Gain on debt settlement from SPA amendment	3(ii)(g)	(776.1)	-	(776.1)	-
Loss on write off of property, plant and equipment		-	-	53.7	-
		(470.0)	(1,426.9)	(1,747.1)	(4,840.8)
Change in non-cash operating working capital					
(Increase) decrease in accounts receivable, deposits and prepaid expenses		(31.1)	(804.6)	(695.3)	1,060.5
(Decrease) in accounts payable and accruals		513.8	662.9	(1,046.2)	2,031.7
		12.7	(1,568.6)	(3,488.6)	(1,748.6)
Cash flows from financing activities					
Proceeds from warrants exercised		-	-	-	526.5
Proceeds from loans	9	20,000.0	-	20,000.0	-
Proceeds from convertible debenture	8	2,984.6	13,536.3	5,248.6	19,000.5
Payment of Safin loan		-	(534.0)	(23.2)	(534.0)
		22,984.6	13,002.3	25,225.4	18,993.0
Cash flows used in investing activities					
Purchase of property, plant and equipment		-	(34.7)	(3.1)	(41.7)
Exploration and evaluation asset expenditure		(3,218.0)	(561.8)	(5,465.8)	(8,246.1)
Acquisition of LLLP, net of cash acquired		-	(1,669.8)	-	(10,150.6)
Other		-	(34.7)	-	(27.0)
		(3,218.0)	(2,273.4)	(5,468.9)	(18,465.4)
Decrease in cash and cash equivalents		19,779.3	9,160.3	16,267.9	(1,221.0)
Foreign exchange impact on cash and cash equivalents		154.0	0.1	169.5	-
Cash and cash equivalents - beginning of period		144.1	253.1	3,640.0	10,634.5
Cash and cash equivalents - end of period		\$ 20,077.4	\$ 9,413.5	\$ 20,077.4	\$ 9,413.5

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

1 Nature of operations

KazaX Minerals Inc. (formerly Newbridge Capital Inc.) (the “Company”) was incorporated under the Business Corporations Act of British Columbia on September 12, 2005. The Company’s shares are listed for trading on the TSX Venture Exchange (the “Exchange”) under the symbol “KZX”. The address of the Company’s corporate office and principal place of business is Room 630, Arman Business Center, 6 Saryarka Avenue, Astana, Kazakhstan, 010000.

These condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’). The Group is primarily involved in the acquisition, exploration and development of mineral properties.

On February 15, 2013, the Group completed the acquisition (the “Acquisition”) of a 74.99% interest in Lomonosovskoye Limited Liability Partnership (“LLLP”), a legal entity existing under the laws of the Republic of Kazakhstan from Safin Element GmbH (“Safin”). LLLP holds the exploration and production rights to the Lomonosovskoye iron ore project (the “Lomonosovskoye Project” or “Project”) located in the northwest of the Republic of Kazakhstan. See Note 3 for details of the Acquisition.

In September 2014, the Group executed a share purchase agreement with the Kazakhstan state agency JSC “Social and Entrepreneurial Corporation Tobol” (“Tobol”) to acquire Tobol’s 25% interest in LLLP (“Tobol Interest”). On October 31, 2014, the Group received Ministry of Investments and Development of Kazakhstan (“MID”) approval for the acquisition of the Tobol Interest and the re-registration by the Kazakh authorities of the transfer of the Tobol Interest to the Group was completed on November 24, 2014. The interest in the Lomonosovskoye Project is now held 99.99% by the Group and 0.01% by Safin.

2 Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several adverse conditions exist which may cast significant doubt on the ability of the Group to continue as a going concern. During the nine months ended September 30, 2014 the Group incurred a net loss of \$4,021.5 (2013 - \$7,411.5, balance restated, see note 4) and as at September 30, 2014 had negative working capital of 19,779.9 (December 31, 2013 – \$30,979.9) and an accumulated deficit of \$26,746.6 (December 31, 2013 – \$22,725.1). The Company has limited financial resources, has no source of operating cash flow, and no assurances that sufficient funding will be available to conduct further exploration and development of its Project or to complete the significant commitments in respect of its purchase of the Project (see Note 3).

The Company does not generate cash flow from operations and has therefore relied principally upon the issuance of securities for financing. In September 2014, two of the Company’s directors advanced \$20,000.0 in debt financing on terms that were subsequently renegotiated in October 2014 (see note 12).

The Directors expect to be able to obtain further funding for the Group. However, there can be no guarantee that the required funds will be raised within the necessary timeframe or on terms that will be acceptable to the Company. Future capital requirements will depend on many factors including the Company’s ability to execute its business plan. The Company intends to continue relying upon the issuance of securities and to engage financial institutions for debt financing to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Although these condensed consolidated interim financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company’s business, results of operations and financial condition.

3 Acquisition of LLLP

i) Overview

On February 15, 2013, the Group completed the acquisition of a 74.99% interest in LLLP from Safin (the “Acquisition”). Pursuant to the terms of the SPA, the Group agreed to make certain cash payments and issue common shares (the “Consideration Shares”) to Safin as consideration for the Acquisition.

To September 30, 2014, the Group had made the following payments to Safin in connection with the Acquisition:

- a) at the closing of the Acquisition (February 15, 2013), the Group made an initial payment to Safin of \$6.933 million in cash (the “First Instalment Cash”) and the Company issued approximately 23.1 million Consideration Shares to Safin (the “First Instalment Consideration Shares”);
- b) on May 28, 2013, the Company issued a further approximately 13.1 million Consideration Shares to Safin;

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

- c) on October 2, 2013 the Group made a further cash payment to Safin of \$2.0 million; and
- d) on February 10, 2014 the Company issued a further approximately 39.3 million Consideration Shares to Safin (the "Third Instalment Consideration Shares").

Under the terms of the SPA, the Group is required to pay Safin's CGT liability on the cash and share consideration to the Kazakhstan tax authorities, without deduction from the consideration payable to Safin. Following the initial cash payment and share issuance in February 2013, the Group made a CGT payment of \$2.0 million to the Kazakhstan tax authorities in April 2013 in respect of Safin's CGT liability for the First Instalment Cash and First Instalment Consideration Shares. Under the terms of the SPA, in the event that an application for refund of the CGT paid in respect of the First Instalment Cash and First Instalment Consideration Shares is successful with the Kazakhstan tax authorities, the refund of these CGT funds will be to Safin's benefit. Pursuant to the SPA, all other successful CGT refunds in respect to the consideration payable to Safin, will be to the benefit of the Group.

All of the Consideration Shares issued to Safin were subject to resale restrictions for four months and a day from the date of issuance. In addition, under the terms of the SPA, the parties agreed that 25% of the Consideration Shares have an additional hold period expiring 12 months from issuance, 25% of the Consideration Shares have an additional hold period expiring 18 months from issuance and 25% of the Consideration Shares have an additional hold period expiring 24 months from issuance.

On July 1, 2013, the Group and Safin agreed amendments to the SPA in respect to the consideration payable to Safin. Following these amendments to the SPA, the remaining cash consideration payable to Safin is scheduled as follows:

- a) by September 30, 2013, \$2.0 million;
- b) by January 15, 2014, \$10.4 million;
- c) by March 31, 2014, \$3.1 million;
- d) by June 30, 2014, \$3.1 million;
- e) by September 30, 2014, \$3.1 million; and
- f) by December 31, 2014, \$3.1 million.

As announced on July 1, 2013, following the amendment to the SPA, the Group entered into an amended agreement to pay the second instalment of a finder's fee (the "Finder's Fee") of \$0.97 million to an arm's length party in connection with the Acquisition on or before July 31, 2013, which was completed. The third instalment of the Finder's Fee of \$0.97 million was due to be paid on or before December 31, 2014.

The Group effected the payment of \$2.0 million in cash consideration on October 2, 2013. The Third Instalment Consideration Shares, with value of \$3.57 million, were issued on February 10, 2014. A total of 39.27 million common shares with a fair value of CDN\$0.10 per share were issued to Safin. Following this issue of the Consideration Shares, Safin had direct ownership and direction or control over 75.65 million common shares of the Company, representing approximately 34.7% of the 218.05 million common shares of the Company that were issued and outstanding as at September 30, 2014.

ii) Amendment to the SPA – September 17, 2014

On September 17, 2014, the Company and Safin agreed to amendments to the SPA and entered into an amending agreement (the "Amendment Agreement") for the rescheduling of the outstanding consideration due to Safin under the terms of the SPA. Under the terms of the Amendment Agreement, \$2.125 million was paid to Safin on October 14, 2014. Pursuant to the terms of the Amendment Agreement, the remaining US\$24.3 million cash consideration payable to Safin and in respect of CGT is scheduled to be paid as follows:

- a) \$1.5 million due for payment by December 22, 2014;
- b) \$4.0 million due for payment by January 15, 2015;
- c) \$8.5 million due for payment by September 17, 2015; and
- d) \$10.348 million due for payment by January 17, 2016.

From each of the payments shown above, the Group will deduct such amount as is due to the Republic of Kazakhstan in respect of CGT and all risk relating to such tax shall be borne by Safin.

On October 25, 2014, \$1.88 million of CGT was paid by the Group, bringing all CGT payment obligations up to date. The estimated future CGT payable by the Group on behalf of Safin in respect of future consideration payments is \$3.65 million.

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

In the event the Group does not complete any of the above payments to Safin, in full or in part, in accordance with the terms of the SPA, the Group is required to transfer back to Safin the unpaid portion of its interest in LLLP on a pro rata basis.

Under the terms of the Amendment Agreement, the Group also remitted \$1.0 million to Safin on October 14, 2014 and, at the same time, Safin novated to a wholly-owned subsidiary of the Company an outstanding loan of approximately \$1.2 million owed by the LLLP to Safin. As well, under the terms of the Amendment Agreement, the obligation on the part of Safin to pay certain agricultural losses pursuant the SPA was removed.

As a condition to the effectiveness of the Amendment Agreement, the Company obtained a release in respect of the remaining Finder's Fee of \$0.97 million that was payable to an arm's length party in connection with the Acquisition. An accounting gain of \$0.776 million was recognized from the de-recognition of the amount owed.

A further condition to the effectiveness of the Amendment Agreement, was the execution by Tobol of a purchase and sale agreement pursuant to which Tobol would agree to sell its 25% interest in LLLP on certain terms and conditions outlined in the Amendment Agreement and on terms otherwise acceptable to the Company (the "Tobol Condition").

Finally, under the terms of the Amendment Agreement, the parties also agreed to co-operate with each other in respect of certain matters, including satisfaction of the Tobol Condition, the further development of the LLLP business and certain matters pertaining to the Company.

The Amendment Agreement payment schedule is as follows:

		December 31, 2013 face value	December 31, 2013 fair value	Accreted interest	Foreign exchange impact	Settled balance	Sept. 30, 2014 accrued fair value
Third Instalment Shares		\$ 3,570.0	\$ 3,172.5	\$ 397.5	\$ -	\$ (3,570.0)	\$ -
Third Finder's fees Instalment	(g)	966.0	743.5	32.6	-	(776.1)	-
CGT liability - \$1,612.9	(a)	1,612.9	1,512.7	100.2	(143.9)	-	1,469.0
Oct. 9, 2014 - \$2,500.0	(b)	2,500.0	2,344.6	155.4	-	-	2,500.0
Tobol transfer - \$1,500.0	(c)	1,500.0	1,406.8	93.2	-	-	1,500.0
Jan. 15, 2015 - \$4,000.0	(d)	4,000.0	3,751.4	248.6	-	-	4,000.0
Sept. 10, 2015 - \$8,500.0	(e)	8,500.0	7,971.8	528.2	-	-	8,500.0
Jan. 10, 2016 - \$10,348.0	(f)	10,348.0	10,086.1	126.6	-	-	10,212.7
Total		\$ 32,997.0	\$ 30,989.2	\$ 1,682.3	\$ (143.9)	\$ (4,346.1)	\$ 28,182.0
Less: current portion							(17,696.0)
Long term portion							10,212.7

- a) \$1,612.9 of CGT liability outstanding as at September 30, 2014 (paid on October 25, 2014);
- b) \$2,125.0 of cash payment to Safin and \$375.0 of CGT, totalling \$2,500.0 to be paid on October 14, 2014;
- c) \$1,275.0 of cash payment to Safin and \$225.0 of CGT, totalling \$1,500.0 to be paid December 22, 2014;
- d) \$3,400.0 of cash payment to Safin and \$600.0 of CGT, totalling \$4,000.0 to be paid by January 15, 2015;
- e) \$7,225.0 of cash payment to Safin and \$1,275.0 of CGT, totalling \$8,500.0 to be paid by September 17, 2015;
- f) \$8,795.8 of cash payment to Safin and \$1,552.2 of CGT, totalling \$10,348.0 to be paid by January 17, 2016;
- g) \$966.0 of third instalment of Finder's Fee was waived. An accounting gain of \$776.1 was recognized from the de-recognition of the amount owed.

iii) Tobol Agreement

In satisfaction of the Tobol Condition, on September 17, 2014, the Company executed a share purchase agreement with Tobol (the "Tobol SPA") pursuant to which it acquired the Tobol Interest for a purchase price of \$5.03 million, payable pursuant to the terms of the Tobol SPA. On October 31, 2014, the Group received MID approval for the acquisition of the Tobol Interest and the re-registration by the Kazakh authorities of the transfer of the Tobol Interest to the Group was completed on November 24, 2014. In respect of the purchase price for the acquisition of the Tobol Interest, \$3.02 million will be paid on November 28, 2014 and the final payment of \$2.01 million is due for payment by May 22, 2015.

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

iv) Acquisition accounting

The Company's acquisition of the controlling shareholding in LLLP on February 15, 2013 has been accounted for as an acquisition of a group of assets and liabilities.

The following summarizes the purchase consideration transferred / payable based on the above payment terms, and the recognized amounts of assets acquired and the liabilities assumed at the acquisition date.

Purchase consideration paid and accrued	Notes	Amount
Paid		
Advance loan to LLLP prior to acquisition forgiven		\$ 1,235.0
Settlement of existing advances in lieu of first initial cash payment		454.3
First Instalment Cash payment		6,479.5
First Instalment Shares (23,076.0 common shares) issued	(a)	5,525.7
Initial payment of Finder's Fee		703.8
First payment of capital gains taxes on behalf of Safin		2,038.2
Second Instalment Shares (13,087.0 common shares)	(a)	3,201.1
Second Finder's Fee instalment		966.0
Third Instalment Shares		2,782.8
		\$ 23,386.4
Accrued		
Second Instalment Cash payment		\$ 10,897.4
Second payment of capital gains taxes on behalf of Safin		2,527.0
Third Instalment Cash payment		9,924.3
Third payment of capital gains taxes on behalf of Safin		2,283.9
Third Finder's Fee instalment		608.5
		\$ 26,241.1
Total purchase consideration		\$ 49,627.5
Identifiable assets acquired and liabilities assumed:		Amount
Cash and cash equivalents		\$ 36.8
Inventory		0.4
Property, plant and equipment		4.3
Exploration and evaluation assets		67,037.9
Safin loan		(1,538.7)
Accounts payable and accrued liabilities		(121.7)
NCI		(15,791.5)
		\$ 49,627.5

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

Exploration and evaluation assets recognized comprised of:	September 30, 2014	December 31, 2013
Opening balance	\$ 76,264.3	\$ -
Identifiable assets acquired in LLLP	-	67,037.9
Exploration and evaluation costs post acquisition (b)	5,465.8	9,978.6
Acquisition costs (professional fees directly related to the acquisition)	-	481.6
Foreign exchange impact (cumulative translation adjustment)	1.0	(1,233.7)
	\$ 81,731.1	\$ 76,264.3

a) The fair value of the First Instalment Shares of 23,076.0 common shares was determined using the discounted fair value of the market price at the Acquisition date of \$0.24 per share. The fair value of the Second Instalment Shares of 13,086.1 common shares was based on the discounted fair value of the market price on issuance date of \$0.24 per share. Upon the settlement of the Second Instalment Shares, the Company recognized accreted interest of \$368.7.

b) Details of exploration and evaluation costs post acquisition capitalized:

	Jan. 1, 2013	Additions	Project to date Dec. 31, 2013	Additions	Project to date Sept. 30, 2014
Exploratory drilling and engineering	\$ -	\$ 6,478.9	\$ 6,478.9	\$ 4,672.9	\$ 11,151.8
Wages and benefits	-	2,694.4	2,694.4	648.8	3,343.2
Other direct overhead	-	805.3	805.3	144.1	949.4
	\$ -	\$ 9,978.6	\$ 9,978.6	\$ 5,465.8	\$ 15,444.4

4 Basis of preparation

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting, on a basis consistent with the most recent annual consolidated financial statements. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and accordingly should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2013.

These financial statements were authorized for issuance by the Board of Directors on December 1, 2014.

Restatement of prior period

Balance	Notes	For the three months ended September 30, 2013		For the nine months ended September 30, 2013	
		As restated	As previously reported	As restated	As previously reported
Interim Statement of Loss and Comprehensive Loss					
Finance cost	(i)	977.9	1,432.3	2,554.3	4,857.2
Interim Statement of Change in Equity					
Net loss for the period	(i)	2,410.3	628.0	7,411.5	3,424.9
Cumulative translation adjustment	(iii)	499.0	-	(832.5)	-
NCI	(ii)	-	-	15,971.5	-
Shares issued for mineral property acquisition	(ii)	-	-	8,726.9	10,175.6

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

- (i) During the course of the preparation of the annual consolidated financial statements for December 31, 2013, management determined that accretion expense for the LLLP Acquisition Payable was not accrued. These adjustments are non-cash in nature and have been corrected retrospectively in these statements.
- (ii) During the course of the preparation of the annual consolidated financial statements for December 31, 2013, management revised its estimate of various components of the acquisition accounting of LLLP. These adjustments are non-cash in nature and have been corrected retrospectively in these statements.
- (iii) During the course of the preparation of the annual consolidated financial statements for December 31, 2013, management revised its estimate of cumulative translation adjustment from differences of functional currency and reporting currency of the parent company. These adjustments are non-cash in nature and have been corrected retrospectively in these statements.

5 Future changes in accounting policies

Financial instruments

In November 2009, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9") as the first phase in its project to replace IAS 39 (classification and measurement) and required that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Requirements for financial liabilities were added to IFRS 9 in October 2010 with most of the requirements for financial liabilities carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. In July 2013, the IASB decided that a mandatory date of January 1, 2015 would not allow for sufficient time for entities to prepare to apply the standard because phase 2 of the IFRS 9 project (impairment methodology) has not yet been completed. Accordingly, the IASB decided that a new date should be decided upon when the entire IFRS 9 project is closer to completion. In November 2013, IFRS 9 was amended to include guidance on hedge accounting (phase 3) and to allow entities to apply IFRS 9 immediately. The Company is currently assessing the impact of adopting IFRS 9 on the condensed consolidated interim financial statements.

6 Financial instruments

- (i) Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	September 30, 2014		December 31, 2013	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Fair value to profit and loss ("FVTPL")</i>				
Cash and cash equivalents	20,077.4	20,077.4	3,640.0	3,640.0
Other receivables	178.0	178.0	19.2	19.2
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable & accrued liabilities	1,632.2	1,632.2	2,680.0	2,680.0
Safin loan	1,261.0	1,261.0	1,258.4	1,258.4
Loans	20,000.0	20,000.0	-	-
Payable – LLLP acquisition	28,181.7	28,181.7	30,989.2	30,989.2

On April 29, 2014, the Company announced the amicable settlement with LogiCamms Limited ("LogiCamms"), with legal proceedings to be withdrawn, subject to payment of \$645.0 (AUD\$700.0) by the Company to LogiCamms in 4 instalments. As at December 31, 2013, the Company has reversed its accrual against the capitalized expenditure in mineral properties from approximately \$1,900 to \$645.0 as per the settlement.

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

(ii) Fair value measurements

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total Sept. 30, 2014
Cash and cash equivalents	\$ 20,077.4	\$ -	\$ -	\$ 20,077.4

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting its cash flows from operations and anticipating investing and financing activities. Senior management is actively involved in the review and approval of planned expenditures. Management believes that the ability to fund operations through cash generated from operations should be sufficient to meet the ongoing capital and operating requirements (see Note 2). As at September 30, 2014, the Company has a working capital deficit of \$19,779.9.

In the normal course of business the Company enters into contracts and conducts business activities that give rise to commitments for future minimum payments.

(iv) Currency risk

The Company operates in Canada, Austria and Kazakhstan and is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in United States dollars. Fluctuations of the operating currencies in relation to the United States dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at September 30, 2014 are denominated in United States Dollars, Canadian Dollars, European Euro, and Kazakhstani Tenge set out in the following table:

	Canadian Dollars	US Dollars	European Euro	Kazakhstani Tenge	Total
Financial assets					
Cash and cash equivalent	\$ 9.7	\$ 20,056.0	\$ 9.9	\$ 1.8	\$ 20,077.4
Accounts receivable	178.0	-	-	-	178.0
	187.7	20,056.0	9.9	1.8	20,255.4
Financial liabilities					
Accounts payables and accrued liabilities	1,273.8	-	-	358.4	1,632.2
Safin loan	-	1,261.0	-	-	1,261.0
Loans	-	20,000.0	-	-	20,000.0
Payable – LLLP acquisition	-	26,712.7	-	1,469.0	28,181.7
Net financial assets (liabilities)	\$ (1,086.1)	\$ (27,917.7)	\$ 9.9	\$ (1,825.6)	\$ (30,819.5)

The Company's reported results will be affected by changes in the US dollar to European Euro and US dollar to Kazakhstani Tenge exchange rate. As of September 30, 2014, a 10% appreciation of the Canadian dollar relative to the US dollar would have increased net financial assets by approximately \$108.6. A 10% depreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the European Euro relative to the US dollar would have decrease net financial asset by approximately \$1.0 and a 10% depreciation of the European Euro would have had an equal but opposite effect. A 10% appreciation of the Kazakhstani Tenge relative to the US dollar would have increased net financial assets by approximately \$182.6 and a 10% depreciation of the Kazakhstani Tenge would have had an equal but opposite effect.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

(v) Credit risk

The Company's credit risk is primarily attributable to its liquid financial assets and would arise from the non-performance by counterparties of contractual financial obligations. The Company limits its exposure to credit risk on liquid assets by maintaining its cash with high-credit quality financial institutions. Management believes the risk of loss of the Company's liquid financial assets to be nominal.

(vi) Interest risk

The Company invests its cash in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations. Interest rate risks arising from the Company's operations are not considered material.

Currency (expressed in USD)	Notes	September 30, 2014	December 31, 2013
Canadian Dollars	(i)	\$ 9.7	\$ 3,403.2
US Dollars		20,056.0	158.0
European Euro	(ii)	9.9	44.8
Kazakhstani Tenge	(iii)	1.8	34.0
		\$ 20,077.4	\$ 3,640.0

- (i) Canadian dollars of \$10.9 was converted at a Canadian to US dollar exchange rate of 0.8922 (December 31, 2013 - \$3,619.7 at 0.9402).
- (ii) European Euro of \$7.8 was converted at a US dollar to Euro exchange rate of 0.7919 (December 31, 2013 - \$32.5 at 0.7257).
- (iii) Kazakhstani Tenge of \$328.1 was converted at a Kazakhstani Tenge to US dollar exchange rate of 0.005555556 (December 31, 2013 - \$5,275.7 at 0.006465545)

7 Property, Plant & Equipment

	Cost December 31, 2012	Additions	Cost December 31, 2013	Additions	Disposal	Cost Sept. 30, 2014
Computer equipment	\$ 32.7	\$ 20.0	\$ 52.7	\$ -	\$ (32.6)	\$ 20.1
Office Furniture & other	55.1	31.1	86.2	3.1	(50.1)	39.2
	\$ 87.8	\$ 51.1	\$ 138.9	\$ 3.1	\$ (82.7)	\$ 59.3

	Accumulated Depreciation December 31, 2012	Depreciation & Amortization	Accumulated Depreciation December 31, 2013	Depreciation & Amortization	Disposal	Accumulated Depreciation Sept. 30, 2014
Computer equipment	\$ (5.7)	\$ (15.4)	\$ (21.1)	\$ (3.0)	\$ 14.4	\$ (9.7)
Office Furniture & other	(6.6)	(13.0)	(19.6)	(3.0)	14.6	(8.0)
	\$ (12.3)	\$ (28.4)	\$ (40.7)	\$ (6.0)	\$ 29.0	\$ (17.7)

Carrying amount	September 30, 2014	December 31, 2013
Computer equipment	\$ 10.4	\$ 11.6
Office Furniture & other	31.2	86.6
	\$ 41.6	\$ 98.2

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

8 Convertible debentures

September 2013 Issuance

On September 26, 2013 the Company completed a private placement of convertible unsecured non-interest bearing debentures (the "First Debenture") for aggregate proceeds of \$19.0 million (CAD\$19.57 million).

The Debentures will mature and become payable on September 26, 2016 (the "First Maturity Date") and are direct, unsecured obligations of the Company, ranking equally with all other unsecured indebtedness of the Company. Upon receipt of all necessary approvals from the Kazakhstan Ministry of Industry and New Technologies of the Republic of Kazakhstan ("MINT"), the principal amount of the First Debentures will automatically be converted into units of the Company (the "First Units") on or before the First Maturity Date, at a conversion price of CAD\$0.15 per Unit.

Each First Unit will be comprised of one common share of the Company (a "Share"), and one-half of one share purchase warrant with each whole warrant exercisable to purchase an additional Share until the First Maturity Date at an exercise price of CAD\$0.35 ("First Warrant"). In the event that the closing price of the Share on the Exchange is equal to or exceeds \$1.00 for a period of 10 consecutive trading days ("Acceleration Event"), the First Warrants will expire 90 calendar days after the Company provides notice that the Acceleration Event has occurred.

April 2014 Issuance

On April 25, 2014 the Company completed a private placement of convertible unsecured non-interest bearing debentures ("Second Debenture") for aggregate proceeds of \$2.26 million (CAD\$2.50 million).

The Second Debenture will mature and become payable on April 25, 2017 ("Second Maturity Date") and are direct, unsecured obligations for the Company, ranking equally with all other unsecured indebtedness of the Company. Upon receipt of all necessary approvals from the MINT on or before the Second Maturity Date for the Second Convertible Debenture, the principal amount of the Second Debenture will automatically be converted into units of the Company ("Second Units"); provided, however that the Second Debenture will only be converted into Second Units where such conversion would not result in a reduction in the existing percentage of Shares held by persons other than insiders or their associates and affiliates and not subject to resale restriction.

The conversion of the Second Debenture into Second Units shall be at a conversion price of:

- (i) CAD\$0.05 per Second Unit if conversion occurs by April 25, 2015; and
- (ii) CAD\$0.10 per Second Unit if conversion occurs within the following two years.
- (iii) In certain circumstances, the conversion price may be greater than CAD\$0.05 or CAD\$0.10, if the Company has announced a positive change concerning its resources prior to conversion.

Each Second Unit will be comprised of one Share and one-half of one share purchase warrant, with each whole warrant exercisable to purchase one additional Share of the Company at an exercise price of CAD \$0.10 until the Second Maturity Date ("Second Warrant"). In the event of an Acceleration Event, the Second Warrants will expire 90 calendar days after the Company provides notice that the Acceleration Event has occurred.

The Second Debenture and any Shares and Second Warrants issued upon conversion of the Second Debentures will be subjected to a hold period expiring August 26, 2014.

July 2014 Issuance

On July 14, 2014 the Company completed a private placement of convertible unsecured non-interest bearing debentures ("Third Debenture") for aggregate proceeds of \$2.98 million (CAD\$3.2 million) ("Third Private Placement").

The July Debenture will mature and become payable on July 14, 2017 ("Third Maturity Date") and are direct, unsecured obligations of the Company, ranking equally with all other unsecured indebtedness of the Company. Upon receipt of (i) all necessary approvals from the MID; and (ii) approval by the requisite majority of shareholders of the Company on or before the Third Maturity Date for the Third Debentures, the principal amount of the Third Debentures will automatically be converted into units of the Company (the "Third Units"); provided, however, (iii) that the Debentures will only be converted into Third Units where such conversion would not result in a reduction in the existing percentage of common shares of the Company held by persons other than insiders or their associates and affiliates and not subject to resale restrictions.

The conversion of the Third Debentures into Third Units shall be at a conversion price of: (i) CAD\$0.05 per Third Unit if conversion occurs by July 14, 2015; and (ii) CAD\$0.10 per Third Unit if conversion occurs within the following two years.

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

Each Third Unit will be comprised of one Share and one-half of one share purchase warrant, with each whole warrant exercisable to purchase one additional Share until July 14, 2017 at an exercise price of CAD\$0.10 ("Third Warrant"). In the event of an Acceleration Event, the Third Warrants will expire 90 calendar days after the Company provides notice that the Acceleration Event has occurred.

The Third Debentures, and any Shares issued upon conversion of the Third Debentures or exercise of the Third Warrants, will be subject to a hold period expiring November 15, 2014.

The proceeds of the Third Private Placement were to be used for general working capital purposes.

	Nine months ended September 30, 2014	Twelve months ended December 31, 2013
Opening balance	\$ 12,948.9	\$ -
Convertible debt issued	5,248.6	19,000.6
Allocation of equity portion	(1,797.6)	(6,501.0)
Accreted interest and foreign exchange impact	1,615.9	449.3
	\$ 18,015.8	\$ 12,948.9

9 Loans

On September 25, 2014, in conjunction with the foregoing, and in furtherance of the Company's work on its BFS for the LLLP project, the Company and two of the its directors (the "Holders"), entered into agreements (the "Loan Agreements") to each advance US\$10.0 million to the Company for a total of US\$20.0 million in debt financing.

These loans matured on October 31, 2014 (the "Maturity Date") and were unsecured with an interest rate of 12.5% per annum. Prior to the Maturity Date, the Company negotiated further loan terms with the Holders (see note 12).

10 Share capital

Authorized unlimited common shares without par value.

Warrants

	Nine months ended September 30, 2014		Twelve months ended December 31, 2013	
	Number of warrants (000's)	Weighted average exercise price (CDN\$)	Number of warrants (000's)	Weighted average exercise price (CDN\$)
Outstanding - beginning of period	-	\$ -	4,617	\$ 0.13
Warrants exercised	-	-	(4,417)	0.12
Expired	-	-	(200)	0.40
Outstanding - end of period	-	\$ -	-	\$ -

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014
(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

Stock options

	Nine months ended September 30, 2014		Twelve months ended December 31, 2013	
	Number of options (000's)	Weighted average exercise price (CDN\$)	Number of options (000's)	Weighted average exercise price (CDN\$)
Outstanding - beginning of period	4,000.0	\$ 0.17	-	\$ -
Granted	-	-	4,000.0	0.17
Expired	(4,000.0)	0.17		
Outstanding - end of period	-	\$ -	4,000.0	\$ 0.17

On July 15, 2014, the incentive stock options granted to Mr. Campbell Smith to purchase up to 4,000.0 common shares in its capital stock at a price of CDN\$0.17 per share (subject to receipt of approval from MINT) expired.

11 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties:

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013
Management compensation	\$ 180.0	\$ 248.3	\$ 540.0	\$ 719.7
Stock based compensation (non cash)	-	-	25.9	-
Directors fees	7.5	192.4	22.5	237.1

In addition to the foregoing related party transactions the Company incurred the following:

During the comparative nine months ended September 30, 2013, the Group incurred costs with SHCS and companies controlled by it (collectively "Stonehouse") to manage the Project. Stonehouse previously had officers, directors and shareholders in common with the Company. Pursuant to the Alliance Agreement, a fee of 10% of expenditures incurred on the Project, (the "Fee") had been charged to the Company by Stonehouse. On July 14, 2013, the Group entered into a Termination Deed with SHCS, to terminate the Alliance Agreement and agreed to pay SHCS amounting to \$348.5 in respect of all amounts due to SHCS to June 30, 2013. Stonehouse charged \$799.6 for the nine months ended September 30, 2013 for the Fee.

Included in accounts payable and accrued liabilities is \$88.5 as at September 30, 2014 (December 31, 2013 - \$88.5) due to Stonehouse. The amounts accrued are the amounts outstanding and billed by Stonehouse in 2013.

Amounts due to and from related parties are unsecured and non-interest bearing and no set terms of repayment.

KazaX Minerals Inc.

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2014

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

12 Subsequent events

- (i) On October 27, 2014, the Company amended the terms of the Loan Agreements. The amendments were made by way of the issuance to the Holders, on a non-brokered private placement basis (the "Fourth Private Placement"), of US\$20.0 million in an aggregate principal amount of convertible secured debentures (the "Fourth Debentures") and an aggregate of 100,000,000 warrants ("Fourth Warrants", and together with the Fourth Debentures, the "Securities") to purchase Shares.

The Fourth Debentures are direct obligations of the Company which will, following receipt of necessary approvals by MID, be secured (up to such amount as is approved by MID) by all of the shares of a wholly-owned subsidiary of the Company (the "Security"). The annual interest rate on the Fourth Debentures will be 12.5 per cent. Interest will be payable at maturity in cash or, at the election of the Company and subject to certain conditions, in Shares, in accordance with applicable rules of the Exchange.

The Fourth Debentures will mature on and become payable on April 14, 2015 subject to an extension of such date to December 31, 2016 following receipt of MID approval of the Security and for the conversion features (the "Fourth Maturity Date"). The Holders will have the option to require the Company to repay the Fourth Debenture earlier than the Fourth Maturity Date upon the occurrence of (i) a sale for consideration by the Company of at least 50% of its shareholdings in LLLP or (ii) a change of control of the Company.

The principal amount owing under the Fourth Debentures will be convertible into Shares at the option of each Holder at a price of CAD\$0.20 at any time following satisfaction of the following conditions: (i) receipt of all necessary approvals from MID; (ii) approval by the requisite majority of shareholders of the Company; and (iii) where such conversion would not result in a reduction in the existing percentage of common shares of the Company held by persons other than insiders or their associates and affiliates and not subject to resale restrictions (collectively, the "Conversion Conditions").

Subject to satisfaction of the Conversion Conditions, the Fourth Warrants will be exercisable to purchase one common share of the Company at an exercise price of CAD\$0.10 until December 31, 2016, provided however that in the event that the closing price of the Shares on the Exchange is equal to or exceeds CAD\$1.00 for a period of 10 consecutive trading days ("Acceleration Event"), the Fourth Warrants will expire on the date which is 90 calendar days after the Company provides notice that the Acceleration Event has occurred.

The Fourth Debentures, and any Shares issued upon conversion of the Fourth Debentures or exercise of the Fourth Warrants, will be subject to a hold period expiring February 28, 2015.

- (ii) On October 14, 2014, the Group made a cash consideration payment to Safin of \$2.125 million pursuant to the Amendment Agreement (refer note 3). Further on this date pursuant to the Amendment Agreement, the Group remitted \$1.0 million to Safin, in consideration for Safin novating to a wholly-owned subsidiary of the Company an outstanding loan of approximately \$1.2 million owed by LLLP to Safin.
- (iii) On October 25, 2014, US\$1.88 million of CGT was paid by the Group, bringing all CGT payment obligations up to date.
- (iv) On October 31, 2014, the Group received MID approval for the acquisition of the Tobol Interest and the re-registration by the Kazakh authorities of the transfer of the Tobol Interest to the Group was completed on November 24, 2014.